

A RETURN TO THE SOURCE - RE-MUNICIPALISATION OF WATER SERVICES IN GRENOBLE, FRANCE

By Raymond Avrillier

Grenoble, located in the center of the Alps at the crossing of valleys between mountains, is a town of slightly more than 150,000 inhabitants in an agglomeration of 400,000 inhabitants.

In Grenoble, we re-municipalised our water utilities system in 2000. This service had been illegally privatised in 1989. Corruption, involving the local conservative party and the mayor at the time, led to the privatisation in 1989 of Grenoble's water and sanitation to Lyonnaise des Eaux (part of Suez). After years of political and public pressure, court rulings in 1997/1998 opened the way for the re-municipalisation that occurred in 2000. Since then, a transparent public utility has been created. The main lesson learned from our action for public water management in Grenoble is the importance of access to information and to independent analysis of the role of the private sector. In this way, public debates, prior to decision taking, allow appropriate and controlled public policy choices to be made. As a result of taking back our water, the quality has improved, the costs reduced and decisions have become more transparent though the complete disclosure of information to the public by the local authorities, which has become the rule. In order to achieve these improvements, all of the essential work is provided by the public administration and other services are provided by the private sector through public procurement.

The personnel now carry out their public service mission independently of market and private profit considerations. It also assures that a long-term public service can be provided that is conducive to the protection of resources, the maintenance and regular renewal of equipment, the undertaking of important investment, and the assistance in reducing consumption and social policies for families in difficulty. As a result, maintenance, renewal and improvement of the technical systems have increased threefold compared with the practices of Lyonnaise des Eaux during the 1990s. Employees and local elected officials, relieved of the pressure of pursuing private interests, carry out the public policy practices on a daily basis. Today, the city of Grenoble has the lowest water bill in all of France for cities with more than 100,000 inhabitants. Moreover, the water quality is exceptional, naturally pure without treatment and is sustainable.

Grenoble was able to eliminate the private-sector control of water utilities mainly as a result of political will and the persistence of a few citizens. A local movement called “*Démocratie écologie et solidarité*” (ADES), was founded by members of the green party followed by the establishment of a users’ association “*Eau-secours*” (SOS water). Their demand for a genuine local public water service has acquired overwhelming support today. Users and employees alike participate in the decision-making process. Decisions are taken democratically and, for the most part, through majority vote of elected officials and qualified representatives.

To claim back the water management from the private sector, we had to demonstrate the degree of corruption involved in the choices imposed by managers at the Lyonnaise. Public meetings were organised, spot checks of water bills were carried out against the will of public authorities implicated, legal actions were taken and complaints filed accrediting our cause.

The legal actions were long and drawn-out; a first complaint was filed in 1989, whereas the Conseil d’État (Ministry of Justice) only annulled the decision in 1997 to delegate the public water management, taken in 1989, and the resulting orchestrations by the Lyonnaise des Eaux, annulled in 1998. It was only through our action, launched in 1989, that the *Chambre Régionale des Comptes* (the Regional Chamber of Accounts) finally took up this dossier in 1995. The Appeals Court finally judged on the corruption case in 1996, although the events had taken place during 1987-90 and were revealed in 1993.

LONG-TERM STRUGGLE

We claim that water is a public good but it should be a right for all. It is therefore, above all, a public affair and an essential public service. To say that is a good thing (not every one gets this far) but to actually do it, debate it, and act on it is better. In the context of commercialisation and privatisation of public utilities and of policies that advocate the disengagement of the state and collectives (instead promoting “lean government” and a “lean city”), these actions led by users, citizens, tax payers, political movements, unions and elected people, are not so easy. In Grenoble, our collective and individual experience is that it took a 10-year struggle to regain and re-municipalise our communal water public utility.¹

The public water and sewage utility in Grenoble was privatised and handed over to Lyonnaise des Eaux (Suez) on July 14, 1989, the anniversary of the French Revolution. The city council was led by Mr Alain Carignon from the right wing party,

¹ For a summary of actions undertaken in 1989 until 2004 in Grenoble, France to regain the public water utility from the private interests of big corporations, see: www.adès-grenoble.org

who was later to be found guilty of corruption.² I was then an elected representative in the progressive minority. Mr Alain Carignon wanted a “meager city”, just like Jerome Monod, who was the CEO of Lyonnaise des Eaux and today one of the main advisors of President Jacques Chirac. The privatisation contract for Grenoble’s water followed the typical “French model” of delegated public services, a kind of public-private partnership that gives full power to the private sector. The contract guaranteed profits worth a few hundred million Euros for the private sector over a period of 25 years (between 1989 and 2014). In return, a fee of a few million Euros (later invoiced to the consumer) was paid to the municipality whose budgets were in deficit. Dozens of millions of Francs were paid under the table in a deal between (it was later revealed) corrupted elected representatives and accomplices and corrupting heads of private companies.

LESSONS LEARNT FROM THIS EXPERIENCE

We have learnt from this collective campaign a method, in other words a tool box, for the promotion and reinforcement of public services and for the fight against direct or indirect privatisation, such as mixed companies, subcontracting of public service to the private sector, public-private partnership etc. The analysis of money flows is the key issue in the struggle for a public water utility. The quality of the public service can be analysed only on the long run.

² Carignon was minister of environment during M. Jacques Chirac’s government of 1986 to 1988, then Minister of Communication under M. Edouard Balladur’s government from 1993 to 1994, and convicted of corruption in 1996.

To enact our rights, the right of the collectives, of the users, and also the elected representatives requires:

- Access to information: information on water cannot be delegated and access to information about the real costs and the quality of the public service is an action, a continuous action (the big private water companies treat the information as private).
- Pluralist analyses: expertise cannot be subcontracted, especially on the technical and financial aspects (this implies the existence of public sector employment and public procurement of expertise in accounting, law and technical issues that are independent from the water oligopoly).
- The choices of public policy, management and engagement must be clearly presented after an open public debate, for example in annual reports on the quality and the price of the water utility, so that they can be controlled and adjusted regularly.

OUR CAMPAIGN INCLUDED A WIDE RANGE OF ACTIVITIES:

- Collective action, such as the communal workers and user’s strikes in 1989 to say “no to privatisation” of water; also, the gathering of users in the organisation “Eau Secours” as well as the local political movement persistently fighting for the re-municipalisation of water.
- Legal action: in administrative, financial and judicial courts. In order to support collective actions, it also helps that collective rights are not flouted and are acknowledged in court as the rights of the users, of taxpayers, citizens and elected representatives.
- Action with regard to the authorities, especially in elected assemblies.

- Action in groups, such as associations, local social forum, network of organisations and movements, and political movements.

This last strategy of collective action is still going on today in order to maintain better quality and least costs in the public service.

ACHIEVEMENTS IN PUBLIC WATER AND SANITATION

Public water services can deliver excellent results provided they are given the necessary means, are responsive and careful with regard to cost and quality. The municipal water management of Grenoble today provides the cheapest water of all French cities of more than 100,000 inhabitants, naturally pure and untreated water of excellent quality that is sustainable. It has 85 employees, a user committee, and mechanisms of constant control by elected representatives. It is a public structure that is certified ISO 9001-v2000. The intercommunal management of sanitation has lowered the tariffs of sanitation and continuously improves the quality of the collection and treatment of used waters by maintenance and improvement of the networks. It has 77 employees, a users' committee, constant control by the community council and is about to be certified ISO 9001-v2000.

Over the past five years, we have shown our public water utility costs less for the community and to the users than “the French model” of private management.³ Compared to the

³ The private sector invoice profits, excessive interest on investment and exploitation, the rent ability of the assets, as documented in reports of the Audit office and Regional Audit office, as well as the Evaluation and Control Committee of the Parliament, and the reports and judgments of the general committee on market, consumption and suppression of frauds (DGCCRF). See also the analyzes of users associations www.cace.fr, and <http://causecours.free.fr/>

102% increase in water prices between 1988 and 1995 (during the period of private management), prices were not raised from 1995 to 2003 (after the return to public management) and increases for 2004 and 2005 are less than inflation. The price of water is an issue of social policy: to save dozens of Euro cents per cubic metre makes dozens of Euros per year per family, when these charges are becoming heavier for households, and end up being millions in terms of overall consumption. Keeping prices low has been made possible by improved monitoring of the water utility, which resulted in savings of up to €40 million.

The quality of the services has improved significantly. Maintenance and renewal tasks have increased by three to four times compared to the years of private management. Users are advised on how to save water and a 20% reduction of the water consumption in communal buildings has been achieved. The work of protecting the resource and improving the capture, and maintenance of networks and storage cannot be planned on the scale of an election or in terms of a subcontract to the private sector (focused on short-term profitability) but requires years, if not generations. This is one more reason water is an essential public service. Improving the quality, benefiting from the organisational memory and long-term planning are important features.

Work on maintenance, renewal, extensions and improvements are not cancelled in order to save money and to increase dividends for shareholders and to deliver profits for bankers and the executives.

A DEMOCRATIC AND ECOLOGICALLY RESPONSIBLE PUBLIC UTILITY

Accounting of the utility is now public and tariffs are decided each year by elected councils. Financial planning is made for 20

years with tri-annual planning of construction. An annual report on the price and quality of the public service (around 100 detailed pages) is approved by user-consultation commissions, the “council of exploitation” and locally elected assemblies. Assemblies of users decide and control the public utility.

This is in sharp contrast to the private accounting of the subcontracted companies that are opaque and include various non-justified, indirect costs (company fees, structural fees, subcontracting) and non-accounted financial options (delay of repayment of rental fees to a third party). These companies often see big maintenance and renewal works as a source for generating excessive profits.

Whereas the private sector sees the users as consumers and encourages them to consume more, the public utility involves the users in the decisions and can advise them how to save water or to promote a social policy. Whereas in the private sector, the employees are under pressure to make a profit, public employees are the actors of the utility. While the private sector seeks to take advantage of employees, we aim to provide useful and quality employment and work.

Unlike the private sector, whose profit-driven logic encourages consumption, including a price structure more favourable to big consumers, the public utility in Grenoble strives to reduce leakage and save water. Whereas for the private sector, water treatment and pollution are sources of profit (as constructors and exploiters or via links to companies that bottle water), the public utility of Grenoble is committed to preserve naturally pure and renewable resources and to apply the precautionary principle.

Natural, pure and renewable tap water can be used by gardens, hospitals and people that are potentially weak. Treated water, just like bottled mineral water, often contains wastes and is very expensive.

PUBLIC WATER INSTEAD OF “THE FRENCH MODEL”

The lessons learnt in Grenoble are important, now that many similar water concessions here in France made before the transparency and anti-corruption law of 1993 are coming to an end. These concessions may now return to public hands.

This lesson is very important when many European countries, not the least in Central and Eastern Europe as well as developing countries, are under pressure by governments and institutions like the World Bank, the WTO, the GATS, the G8 and the European Commission that seek to impose privatisation and public-private partnerships. They often promote the “French model”, but the reality of this model is “profits for the private sector, risks for the public sector, and costs for the people”.

Water is a public good far too precious to leave to market forces. Management decisions must not be taken under the influence of corrupt officials and private interests. It is an essential public service whose mission must not be guided by profit-seeking.

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